



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0178	Title:	Revise laws and funding for university system
Primary Sponsor:	Wilmer, F.	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund	\$3,200,000	\$900,000	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$3,200,000)</u>	<u>(\$900,000)</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal Impact: The bill prescribes the amount of general fund to be included in the base budget of the Montana University System current unrestricted operating budgets of the educational units.

FISCAL ANALYSIS

Assumptions:

1. The bill is effective for the 2009 biennial budget.
2. The base budget equals the present law budget contained in HB 2 (General Appropriations Act) and does not include pay plan.
3. The pay plan from the 2009 biennium becomes part of the present law base in the 2011 biennium and the Governor's pay plan is adopted as recommended with 85% of the funding coming from general fund.
4. The current unrestricted base budget of the educational units of the Montana University System was funded with approximately 35 percent general fund and 36 percent resident tuition in the 2007 biennium.

Resident and Non Resident Identified Separately

	2007 Biennium (millions)	Biennial Percentage
<i>State Appropriations</i>		
General Fund	\$223.3	35%
6 Mill	\$27.1	4%
<i>Tuition and Other Sources</i>		
Resident Tuition	\$230.6	36%
Non-Resident Tuition	\$154.9	24%
Other	\$7.0	1%

5. In FY 2008 & 2009, the general fund budget base budget would have to be increased by about \$3.2 million and \$0.9 million above the Governor's budget to equal the required resident share.

Amount Required to be paid from General Fund in 2009 Biennium		
	FY 2008 (millions)	FY 2009 (millions)
Current Present Law Budget	\$340.0	\$344.0
Resident Student % from Previous Biennium	36%	36%
Required General Fund for HB 178	\$122.4	\$123.8
Present Law General Fund in Executive Budget	\$119.2	\$122.9
Increase in General Fund	\$3.2	\$0.9

6. The Board of Regent's may reduce resident or non-resident tuition or increase expenditures as a result of this legislation.
7. Note that unless the Board of Regents increases spending above the Governor's budget, the final general fund share, after pay plan is added, will be higher than the required 36% in the 2009 biennium.
8. Depending on resident and non-resident tuition decisions by the Board of Regents, the resident student tuition share could be less than 36% in the 2009 biennium. If the resident student tuition share is lower in the 2009 biennium, a lower general fund share will be required. For the 2011 biennium, it is assumed that the required spending will be the same as the current present law level.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Transfers	\$3,200,000	\$900,000	\$0	\$0
TOTAL Expenditures	\$3,200,000	\$900,000	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$3,200,000	\$900,000	\$0	\$0
TOTAL Funding of Exp.	\$3,200,000	\$900,000	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$3,200,000)	(\$900,000)	\$0	\$0

Technical Concern:

1. The bill does address the calculation of the state plan. The pay plan bill in addition to the present law budget contained in HB 2.
2. The clarity of the bill would be improved if the term “base budget” were more specifically defined.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date